

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7344

BILL NUMBER: SB 497

NOTE PREPARED: Jan 16, 2013

BILL AMENDED:

SUBJECT: Regulation of Accountancy.

FIRST AUTHOR: Sen. Yoder

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: *Firm Permit Required-* The bill provides that a firm permit is required for an accounting practitioner working for a client.

Three Consecutive Terms- It provides that a member of the Indiana Board of Accountancy may not serve more than three complete consecutive terms. (Current law allows for only two consecutive terms.)

Accounting Certificate Fee- The bill increases the fee for a permit to hold an accounting certificate from \$10 to \$20.

Accountant Investigative Fund- The bill provides that penalties are deposited into the Accountant Investigative Fund (AIF), and increases from \$750,000 to \$1,000,000 the amount of money that must be in the AIF before it reverts to the state General Fund.

Other Provisions- The bill removes the word "knowingly" from the requirements for civil penalties for violating the licensing law. The bill allows retired status and specifies use of "retired" in the designation of CPA.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues: *Firm Permit Required-* The bill requires a firm permit for an accounting practitioner working for a client. This provision may increase the number of firm permits applied for in future

years. The impact to state revenues would depend on the number of persons seeking the firm permit to meet the requirements of the bill. Currently the firm permit is valid for a three-year period and has a fee of \$30. There were 1,079 accountant firm permits active as of September 2012.

Accounting Certificate Fee- A \$10 increase in the Accounting Certificate Fee is estimated to increase state revenues by \$5,900 in FY 2014, \$124,900 in FY 2015, and \$7,740 in FY 2016. The staggered amounts match the uneven nature of the three-year accountant licensing cycle. Far more persons will renew their license during FY 2015 than the other two years in the cycle reported above.

Accountant Investigative Fund- The amount deposited into the state General Fund would be reduced by an unknown amount of civil penalties assessed upon accountants in future years. Revenue from civil penalties would be placed in the Accountant Investigative Fund, which would increase the balance of the AIF. Additionally, the AIF balance would not revert to the state General Fund until it reached \$1 M. Then any money exceeding \$1 M would revert to the General Fund at the end of a state fiscal year. The current threshold is \$750,000.

Background Information- The AIF was established to help fund the administration and enforcement of the accounting practice. The AIF had total assets of \$521,048 at the end of FY 2012. The \$10 certificate fee generated \$292,810 in revenue during FY 2012. There were 11,193 certified public accountants, 63 public accountants, and 10 accounting practitioners with an active license as of September 19, 2012. There were no civil penalties collected against accountants under IC 25-1-11-12 during FY 2012.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Board of Accountancy, Professional Licensing Agency.

Local Agencies Affected:

Information Sources: Marty Allain, General Counsel, Professional Licensing Agency; PLA license counts 9/19/2012; Auditor's Database report year-end FY 2012.

Fiscal Analyst: Chris Baker, 317-232-9851.